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NEWSPAPER

Advertising Age

May 6, 1991

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Coen: Little ad growth

Industry forecaster sees recovery at yearend

By Robert J. Coen

U.S. advertising expenditures are expected to rise between 3% and 4% in 1991, down from the previous forecast of 4.6%.

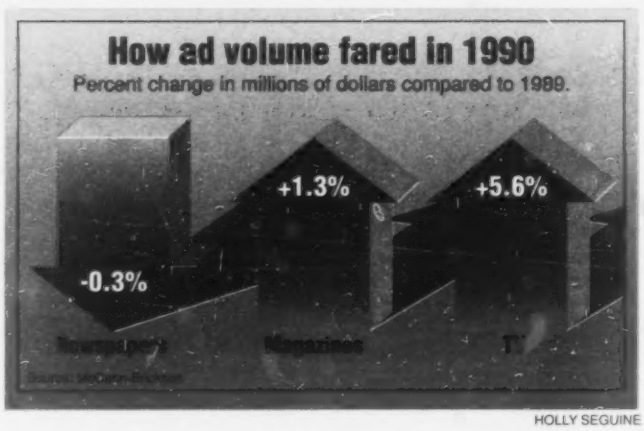
The revision is a result of reduced ad growth showing up in the final figures for 1990 and the continued economic slump.

Expenditures should exceed $132 billion this year but aren't likely to reach the $136 billion forecast last December.

The final ad expenditures for 1990 showed 3.8% growth instead of the 4.9% gain estimated earlier. When final fourth-quarter results from all media were released, it was apparent ad budgets were sharply trimmed in the closing months of the year as a result of the Mideast situation and the beginning of the recession.

Budgets grew less than the 4.1% overall rate of inflation.

As for 1991, extremely gloomy reports from most local media during the opening months indicate local ad growth for the full year will probably be just barely up from 1990. The outlook for national ad budget growth is better.



HOLLY SEGUINE

The slowdown and disruptions of the early months will delay the previously expected stronger recovery. Ad spending levels in many media may lag behind year-ago levels until past the middle of 1991.

The bottom will eventually be reached; by Christmas, things should be getting much better. By the closing quarter, we expect national advertising activity to be well above 1990 levels.

The McCann-Erickson General Index of national advertis-

(Continued on Page 16)

Traps set for Olympic ambush ads

By Joe Mandese

The International Olympic Committee plans to ambush the ambushers.

Using an arsenal of tricks including "public embarrassment" and the confiscation of Olympics tickets, the IOC hopes to dissuade so-called ambush marketers from running unauthorized advertising and promotions that falsely convey authorized support of the Games.

To discourage such promotions, the committee said it will hold news conferences and run ads alerting consumers of the attempted tie-ins.

The IOC is taking these steps because the tactic is threatening to undermine support from official Olympic sponsors who pay considerable fees for the association.

For 1992, 12 companies have paid fees totaling more than $200 million to be exclusive worldwide category sponsors of the Winter and Summer Games.

"It's very important that the IOC protects these interests, because the Olympics are not government funded," said Michael Payne, IOC director of marketing. "If companies feel they can build Olympics programs without supporting the Games, then why would any sponsor agree to spend millions of dollars to support the Olympics?"

Anti-ambush techniques were used successfully by the Australian Olympic Team in 1988. It ridiculed McDonald's Corp. for an unauthorized promotion in Australia tied to the Seoul Summer Olympics. McDonald's Australian sales reportedly plummeted, and the chain subsequently signed a sponsorship deal with the Australian team.

The IOC hopes to avoid such

(Continued on Page 54)

LAST MINUTE NEWS

Pepsi to 'Chill Out' this summer

SOMERS, N.Y.—Pepsi-Cola Co. this week will unveil a "Summer Chill Out" promotional program, sources said. The plan includes a car giveaway, special packaging and a credit-style card for teens. The promotion kicks off May 12 with a network TV campaign via BBDO Worldwide, New York. Pepsi-Cola last week broke teaser spots for the promotion. The program involves a national rollout of Pepsi-Cola's "License to Chill" program tested last year in Texas, said sources close to the company. A "License to Chill" card allowed young Pepsi drinkers to win prizes such as airline tickets and discounts at local retailers. The company wouldn't comment on its summer marketing plans. Separately, the company this month will break a TV spot for Diet Pepsi star-

(Continued on Page 8)

'Creativity':

Some readers get "Creativity," which starts after Page 30. If you don't, call 1-800-678-9595 and ask for *Ad Age* Circulation.

INSIDE

'Special Report': Building brands in aisle hits crisis stage. **Page 33**

Slow go: Agencies drag their feet on liability. **Page 4**

Clorox's identity crisis

Company stumbles as it tries to diversify product lines

By Bradley Johnson

Clorox Co., laboring for two decades to be more than a bleach marketer, is facing a midlife crisis.

Sales of its namesake product, chlorine bleach, are flat. Clorox 2, its second-biggest profit contributor, may be made obsolete by powder detergents with bleach, an area where Clorox is bombing.

Also, Clorox's latest attempts at new products—bar soap, frozen dinners and a $169 barbecue grill—are likely to go nowhere, analysts say.

"The company is going through an identity crisis," said Andrew Shore, an analyst with Prudential Securities. "It's juggling too many things at the same time, hoping the success of one will point it in the right direction."

Clorox is fully capable of emerging from this crisis, industry analysts say. Their advice: Cut the losses in detergent, abandon a few of the

(Continued on Page 54)

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NEWS SUMMARY

■ **International Olympic Committee** plans steps to discourage ambush marketers from tying into the 1992 Games without official authorization. 1

■ **U.S. ad expenditures** will be up only 3% to 4% in 1991, predicts Robert Coen of McCann-Erickson. 1

■ **Brandon Tartikoff's** move from NBC to Paramount is seen as another sign of declining network influence. 3

■ **A pay-per-view** venture allowing homes access to films on demand will start testing in Denver next fall. 3

■ **Consumers are uneasy** about data bases used in marketing, a Gallup survey shows. 3

■ **Ad agencies** are going slow in adopting "sequential liability" clauses in ad contracts. 4

■ **Ragu,** under pressure from the FDA, will relabel Fresh Italian Brand pasta sauce, calling it Ragu Fino Italian. 4

■ **Estee Lauder** will spend heavily to introduce Spellbound fragrance starting this summer. 4

■ **Qantas** named D'Arcy Masius Benton & Bowles to handle its international ad account. 4

■ **Kenneth Rogers** was promoted to president-chief operating officer of Backer Spielvogel Bates. 6

■ **Mitsubishi** plans several new vehicle introductions in a move to become a major player in the U.S. market. 6

■ **Paint marketers** are increasing marketing budgets this spring to brighten up a flat sales picture. 12

■ **A.C. Nielsen Co.** is developing international data bases, looking to the end of trade barriers in Europe. 14

■ **7-Eleven** convenience store chain has begun a new ad campaign promoting its fast-food products. 16

■ **Western International Media** and France's Carat Espace are close to forming a joint media services venture based in London. 18

■ **Gannett Co.** is leading a trend among newspapers into Yellow Pages publishing. 19

■ **Beefeater's** $20 million campaign leads the pack of gin marketers' summer promotions. 20

■ **Fast-food profits** are being squeezed by the spate of discounting, some franchisees say. 20

■ **Buckey/DeCerchio/Cavalier's** founders have closed the agency to become Hollywood scriptwriters. 22

■ **Newspaper circulation** for the six months ended March 31 showed improvements for many papers. 40

■ **National Advertising Review Board** will hear challenges to some of Geo. A. Hormel & Co.'s claims for Micro Cup Hearty soups filed by Campbell Soup Co. 46

■ **An attack on political advertising** by Alexander Kroll, incoming chairman of the Four A's, drew intense reaction from political ad practitioners. 51

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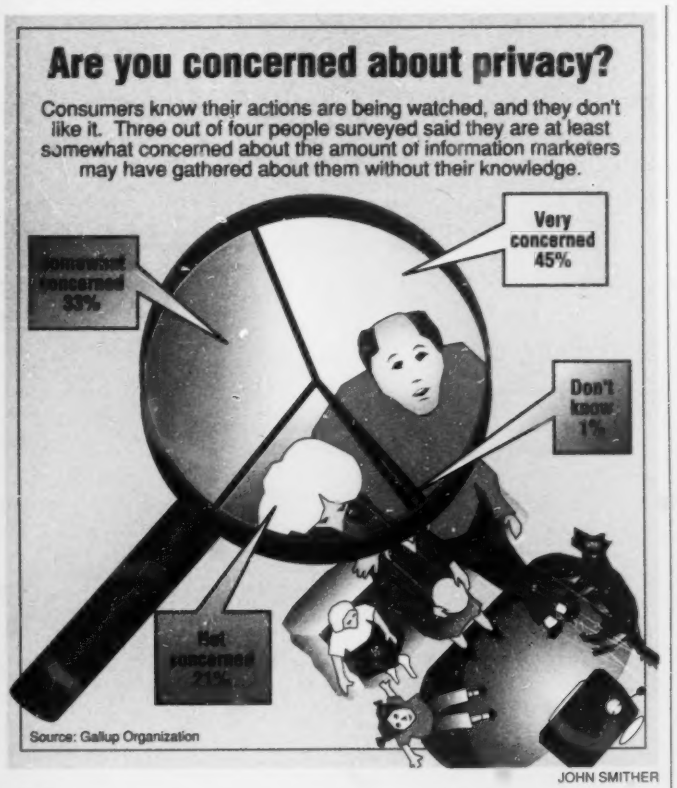

Are you concerned about privacy?
Consumers know their actions are being watched, and they don't like it. Three out of four people surveyed said they are at least somewhat concerned about the amount of information marketers may have gathered about them without their knowledge.
Very concerned 45%
Somewhat concerned 33%
Don't know 1%
Not concerned 21%
Source: Gallup Organization

JOHN SMITHER

Consumers target ire at data bases

By Scott Hume

The stampede to develop targeted marketing programs using data bases may be running into a wall of consumer resistance.

In a new Gallup Organization survey of attitudes about the amount and kinds of information marketers may be gathering, conducted for *Advertising Age*, consumers said they would shun companies that sell information about their buying habits.

Many consumers are uneasy about being known too well as the gathering, selling and buying of information about brand preferences and buying habits accelerates. Advertisers are looking to move away from mass marketing to target only potential product users.

GALLUP SURVEY

The Gallup study asked 1,005 adults whether they're concerned about how much information may have been gathered about them without their knowledge. Nearly half (45%) the respondents described themselves as "very concerned" about what marketers may know about them; 33% said they're "somewhat concerned."

Only 21% said they're unconcerned.

Respondents ages 55 or older, and those in the lowest income bracket (less than $20,000 annually), showed the highest levels of anxiety about information gathering.

"Direct marketers need to explain better what they're doing. If they don't, consumers can be turned off," said Ted Spiegel, who retired in 1987 as senior VP-marketing and advertising for catalog retailer Spiegel.

"If they can explain it correctly, so that consumers see how they are benefited, then direct marketing can avoid the backlash," said Mr. Spiegel, who's now president of Spiegel Marketing Associates and an associate professor in the direct marketing program at Northwestern University's Medill School of Journalism.

Some companies have already felt the backlash, however. Lotus Development Corp. in February dropped plans to develop MarketPlace:Households after it got 30,000 complaints about the proposed data-base software with addresses and demographic information on 80 million U.S. households.

Blockbuster Entertainment Corp. also heard from angry consumers in January, when one of its executives was quoted in *The Wall Street Journal* as saying the 1,500-store video chain might sell information about consumers' video rentals to direct marketers.

The company quickly disowned the statement and said it had no plans to sell the information it has. And results of this Gallup survey suggest the video chain was right not to embrace the idea.

Gallup respondents were asked whether they would still patronize a video rental store if they learned that store or chain was selling information about their rental habits. Three-quarters of the sample (76%) said they would take their business elsewhere; 18% said they would stay with the same rental store. The rest either said they don't rent videos (5%) or had no opinion (1%).

Respondents with the highest incomes and most education were most likely to say they would boycott a video renter that sold information about them. On the earlier question, these groups had shown lower-than-average concern about the amount of information being gathered on them.

"Data-base marketing is in its infancy; it's just starting to address the question of how it will use the information it has," Mr. Spiegel said. "It has a way to go in explaining itself completely and correctly."

The Gallup survey was taken by telephone among a randomly selected, nationally projectable group of adults. It was conducted during March and has a margin of error of plus or minus 3.1%. □

Network malaise

Ad execs ponder rash of high-level defections

By Joe Mandese

Key network TV executives are bolting for greener pastures, either in Hollywood or with advertising agencies, leaving observers wondering whether the nets have lost their stuff.

The biggest move occurred last week when NBC Entertainment Chairman Brandon Tartikoff, largely credited as the architect of NBC's long run in the No. 1 ratings position, announced he was leaving to become chairman of Paramount Pictures.

"Symbolically, it's a very significant thing because Brandon is the last of the living legends of network television programming success," said Gordon Link, worldwide media director for McCann-Erickson USA, New York, and a former ABC network executive.

"Not only was he very talented, but he was the visual representation of NBC to both the creative and advertising community," said Arnie Semsky, exec VP-director of media and programming services at BBDO Worldwide.

Mr. Tartikoff's departure was preceded by defections last month of key CBS sales executives Jerry Dominus and Bob Silberberg to the agency side.

"While each one of these individuals moved for specific reasons, the fact is, they are leaving an industry that is not quite as king of the hill as it used to be. And that's got to be part of the equation," said Mike Moore, worldwide media director at D'Arcy Masius Benton & Bowles.

The fragmentation of the TV business is leading to a dilution of more than just network ratings, said Jerry Solomon, VP-general manager of Anheuser-Busch's Busch Media Group.

B. Tartikoff

"Some of the old guard are starting to move on," he said, "and I don't think they have a wealth of young talent that is coming up to replace them, because it is so spread out among cable, syndication and other entities. And they're paying as much, if not more."

Others believe these moves are a harbinger of more fundamental changes to come. News of Mr. Tartikoff's departure has fueled speculation of network downsizing that began circulating when the Federal Communications Commission modified the network financial interest and syndication rules last month. The rules continue to restrict the networks' ability to own and syndicate programming.

According to the rumors, networks could bypass

(Continued on Page 52)

A new take on PPV

Phone, cable venture offers movie smorgasbord

By Joe Mandese

An unusual cooperative venture between the telephone and cable TV industries could transform the conventional TV set into a multiplex movie theater.

This fall, three major companies join forces to begin testing VCTV, or viewer controlled television, a new pay-per-view technology that can be used on demand.

AT&T Co., US West and the nation's largest cable TV operator, Tele-Communications Inc., will equip about 450 households in TCI's Denver cable system with VCTV. With the push of a button, the system's viewers will have access to thousands of films any time they want.

With the push of a button, the system's viewers will have access to thousands of films any time they want.

Consumers participating in the test will pay no access fees and films ordered through VCTV will be priced "competitively" with rented videos. The test is scheduled to run through mid-1993, but a broad-based rollout of the technology isn't expected until the late '90s.

Agency and TV industry executives believe new technologies such as VCTV could accelerate both the penetration and use of pay-per-view, further fragmenting the TV medium.

To date, pay-per-view has offered relatively little access for advertisers. With few exceptions, pay-per-view programming doesn't accept advertising and

(Continued on Page 50)

Baseball Hall of Famer Jim Palmer will appear in his first commercial for Jockey International wearing just his underwear this August. A Jockey spokesman for 15 years, Mr. Palmer appears with other male and female models talking about the comfort of the Jockey product. Jockey in-house agency Thoroughbred Advertising created the 30-second spot.

HOT STUFF!

Stolichnaya Russian vodka blasts off into the Space Age as Monsieur Henri Wines uses June consumer magazines to launch a $9 million advertising and promotional campaign. Created by Calet, Hirsch & Spector, New York, the ad theme is "Stoli. The Russian phenomenon." M. Henri says the push represents a spending record for the brand and a 20% increase over last year.

7-Eleven ready for ad comeback

New Japanese owners provide cash boost

By Christy Fisher

DALLAS--Southland Corp.'s 7-Eleven convenience store chain, pumped up with a $430 million cash infusion, has begun a "real people" ad campaign that pushes its fast-food products.

The nation's No. 1 convenience store chain emerged from Chapter 11 bankruptcy reorganization in March and is now running two new TV spots in 10 markets nationwide that expand on its "Sign of the times" campaign.

The new spots from J. Walter Thompson USA, Chicago, are sung in a folksy narrative and tell the story of two 7-Eleven franchisees, Rick Fournier of Toledo, Ohio, and Diane Conlan of Ocean Beach, Calif.

Mr. Fournier, an avid baseball fan, helps the chain pitch Big Bite hot dogs. Ms. Conlan, whose store is in a seaside community known as "Dog Beach," pushes Big Gulp soft drinks.

"This [campaign] brings store people into the picture as part of the 7-Eleven difference," said Marva Cathey, Southland's national advertising manager.

This is 7-Eleven's folksy tale of Diane Conlan and her friends at "Dog Beach," Calif.

Southland is expected to be a more aggressive advertiser now that Tokyo-based Ito-Yokado and its Seven-Eleven Japan subsidiary have bought a 70% stake in the company.

After a flat year, Southland is expected to increase ad spending by 7.1% to $75 million in 1991, an October prospectus revealed.

JWT handles Southland's image advertising, while W.B. Doner & Co., Southfield, Mich., does tactical marketing. Camelot Communications, Dallas, handles media buying.

The sale shifts control of the company to the Japanese from the founding Thompson family, but analysts don't expect major strategy changes since most of Southland's senior management remains in place. Clark Matthews II, 54, became president-ceo in March, from chief financial officer, succeeding Jere W. Thompson Jr., who remains on the board.

The cash infusion and debt restructuring should allow the company to proceed with some changes that were on hold because of the cash crunch. Those changes include remodeling and remerchandising of stores as well as expansion of fast-food offerings.

"Southland's focus has been more on cash flow," said Chris Vroom, VP at Alex. Brown & Sons. "Now, they can focus on the competition and driving sales."

Southland is also expected to adopt some of its Japanese counterparts' successes.

Ito-Yokado is the second-largest and most profitable superstore/supermarket chain operator in Japan. Seven-Eleven Japan, 50.3% owned by Ito-Yokado, is Japan's largest convenience store operator with more than 4,200 stores.

The Seven-Eleven Japan stores are equipped with a sophisticated point-of-purchase tracking system that lets managers know how each item is selling and its profitability. Ito-Yokado has been discussing the installation of this system in Southland's U.S. stores.

"One of the problems of the convenience store industry is the lack" of such equipment, said Dennis Telzrow, an analyst with Eppler, Guerin & Turner. "They've [retailers] got to have it. I don't think any major retailer will survive without it."

Southland's 6,500 stores reported sales of $8.4 billion for 1990, up 0.6% from the previous year. There was a net loss of $276.6 million for the year, compared with a $1.3 billion loss in 1989. □

David Kilburn in Tokyo contributed to this story.

Coen

(Continued from Page 1)

ing spending during the first quarter of 1991 was 147, significantly below the year-ago level, and below the average level for all of last year.

The index level is expected to gradually move up and, by the fourth quarter, should be dramtically higher than the 141 index for the fourth quarter of 1990.

Most of the gloom hanging over the advertising industry will be gone by yearend, and optimistic forecasts for 1992 will be abundant.

Economic recovery, some pent-up consumer demand, the political elections and the Olympics should finally fuel a noticeable re-expansion in advertising that could continue for most of the rest of the decade.

As for 1990, it's now evident many retailers virtually canceled their regular holiday-season selling efforts. That came on top of severely depressed local ad spending during the first three quarters, caused by poor regional economies and the heavy debt of many large retailers.

With a rise of just 1.7% compared with 1989, local ad volume did even worse than most people thought possible last year.

Newspapers, the largest local medium, experienced their worst year since 1961. The ad woes brought about by the retail slump were made worse by declines in many classified help-wanted and real estate ads.

Other local media did only slightly better.

The worsening economy and the uncertainties in the Mideast also had a negative impact on national advertising in the closing months of '90. Fourth-quarter commitments to the three major TV networks made in earlier upfront buying softened.

Other national media also experienced reductions in traditional levels of spending, as many marketers cut back on their usual level of holiday promotional efforts and as the lag between the economic slowdown and ad appropriations finally caught up with many budgets.

National advertising rose 5.5% in 1990, slightly outpacing the 5.1% gain for the gross national product.

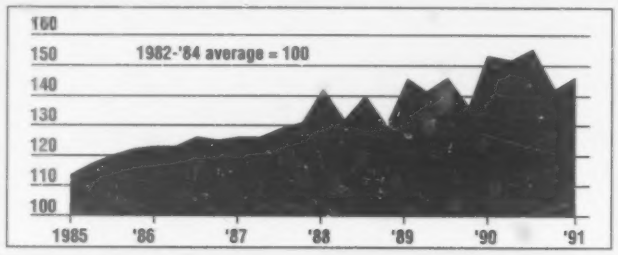
Among the noticeable pullbacks in traditional holiday budgets, ads for toys, perfumes, expensive watches and cameras were far below previous levels.

The interruption of improved trends in national advertising is temporary, however. The only question is when the improving trends will clearly reappear, and the greatest likelihood appears to be in the fourth quarter. □

Mr. Coen is senior VP-director of forecasting, McCann-Erickson Worldwide, New York.

National advertising index

The McCann-Erickson national advertising indexes are key barometers of the month-to-month changes in national advertising spending. These indexes are seasonally adjusted measures of the monthly advertising revenues for the major national media. The general index is a composite of the national TV networks (including cable and syndication), spot TV, magazines and newspaper expenditures by national advertisers.



Month	General index	Network TV	Spot TV	Magazines	Newspapers
1990					
January	155	157	158	155	142
February	155	151	162	160	141
March	153	155	150	160	140
April	152	144	162	162	141
May	151	145	163	155	140
June	149	137	162	157	142
July	157	159	166	152	140
August	157	151	168	165	138
September	155	153	162	162	139
October	144	128	153	152	140
November	140	124	153	155	139
December	140	128	141	162	138
Average	**151**	**144**	**159**	**158**	**140**
Change over 1989	**5.6%**	**6.6%**	**5.9%**	**1.3%**	**4.4%**
1991 (preliminary)					
January	148	156	141	146	138
February	146	139	150	154	137
March	148	148	147	154	137
Average	**147**	**148**	**146**	**151**	**137**
Change over 1990	**(4.5%)**	**(4.2%)**	**(6.8%)**	**(4.4%)**	**(2.8%)**

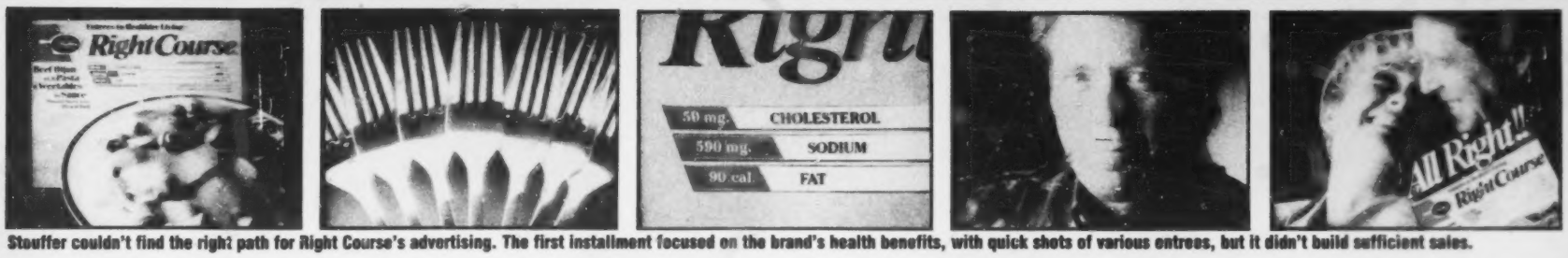
Source: McCann-Erickson

U.S. advertising volume

The McCann-Erickson U.S. advertising volume reports represent all expenditures by U.S. advertisers—national, local, private individuals, etc. The expenditures, by medium, include all commissions as well as the art, mechanical and production expense that are part of the advertisers' budgets for each medium.

	1989		1990		
Medium	Millions of dollars	% of total	Millions of dollars	% of total	% chg
NEWSPAPERS					
National	3,704	3.0	3,867	3.0	4.4
Local	28,664	23.1	28,414	22.1	(0.9)
Total	**32,368**	**26.1**	**32,281**	**25.1**	**(0.3)**
MAGAZINES					
Weeklies	2,813	2.2	2,864	2.2	1.8
Women's	1,710	1.4	1,713	1.3	0.2
Monthlies	2,193	1.8	2,226	1.8	1.5
Total	**6,716**	**5.4**	**6,803**	**5.3**	**1.3**
FARM PUBLICATIONS	212	0.2	215	0.2	2.0
TELEVISION					
Network	9,110	7.4	9,383	7.3	3.0
Cable (nat'l)	1,197	1.0	1,393	1.1	16.4
Syndication	1,288	1.0	1,589	1.2	23.4
Spot (nat'l)	7,354	5.9	7,788	6.1	5.9
Spot (local)	7,612	6.1	7,856	6.1	3.2
Cable (non-network)	330	0.3	396	0.3	20.0
Total	**26,891**	**21.7**	**28,405**	**22.1**	**5.6**
RADIO					
Network	476	0.4	482	0.4	1.3
Spot (nat'l)	1,547	1.3	1,635	1.3	5.7
Spot (local)	6,300	5.1	6,609	5.1	4.9
Total	**8,323**	**6.8**	**8,726**	**6.8**	**4.8**
YELLOW PAGES					
National	1,011	0.8	1,132	0.9	12.0
Local	7,319	5.9	7,794	6.0	6.5
Total	**8,330**	**6.7**	**8,926**	**6.9**	**7.2**
DIRECT MAIL	21,945	17.7	23,370	18.2	6.5
BUSINESS PAPERS	2,763	2.2	2,875	2.2	4.0
OUTDOOR					
National	653	0.5	640	0.5	(2.0)
Local	458	0.4	444	0.3	(3.0)
Total	**1,111**	**0.9**	**1,084**	**0.8**	**(2.4)**
MISCELLANEOUS					
National	10,998	8.9	11,608	9.0	5.5
Local	4,273	3.4	4,347	3.4	1.7
Total	**15,271**	**12.3**	**15,955**	**12.4**	**4.4**
National total	68,990	55.7	72,780	56.6	5.5
Local total	54,940	44.3	55,860	43.4	1.7
GRAND TOTAL	**123,930**	**100.0**	**128,640**	**100.0**	**3.8**

Source: Prepared for *Advertising Age* by Robert J. Coen, McCann-Erickson



Stouffer couldn't find the right path for Right Course's advertising. The first installment focused on the brand's health benefits, with quick shots of various entrees, but it didn't build sufficient sales.

How Stouffer's Right Course veered off course

Everything pointed in favor of brand and still it flopped

By Judann Dagnoli

Stouffer Foods Corp.'s Right Course frozen entree line, introduced in September 1989, seemed to have everything going for it.

Right Course's low-fat, low-cholesterol, low-sodium positioning dovetailed perfectly with the fast-growing wellness movement.

The brand had a respectable $20 million marketing budget, and Stouffer—the creator of 1980s brand powerhouse Lean Cuisine—had a good track record in "healthy" foods.

But 17 months later, despite a reformulation, repackaging and rehaul of Right Course's advertising, the brand held only a 1.1% share of the frozen dinner and entree market. Conceding defeat, the company pulled Right Course from national distribution in February.

Stouffer redesigned the Right Course package, adding green and moving the nutrition label to the back.

What went wrong?

Food industry experts and competitors say Stouffer was trying so hard not to cannibalize its successful Lean Cuisine entree line that it erred in Right Course's positioning.

To make it stand apart from Lean Cuisine, the company priced Right Course too high, shelved it in the wrong section of the freezer case, made the brand's varieties too exotic and its advertising too unfocused, sources say.

"It really was an amazing case of doing just about all the critical things wrong," says a senior executive of a competing food company.

When Right Course was first introduced, there were 11 items in the line, including sesame chicken, beef dijon and fiesta beef with corn pasta. The product was packaged in a beige box with a very prominent "nutritional color bar" measuring each entree's fat, cholesterol and sodium levels.

Stouffer executives also pushed for Right Course shelving in the frozen dinner section, near ConAgra's Healthy Choice, even though the product was marketed in entree form only.

"They backed it pretty hard through their brokers in the dinner section so that it wouldn't cannibalize Lean Cuisine," says another executive at a frozen food company.

Another competitor says the strategy backfired when Stouffer found frozen dinner consumers don't buy entrees.

Ed Marra, senior VP-marketing at Stouffer, disagrees.

"Between dinners and entrees there is a fair amount of overlap," he says. "Perhaps dinners are more male skewed, but in many freezers both entrees and dinners are shelved so they flow together. I wouldn't say [Right Course's shelving] is a critical point."

Right Course's $12 million ad campaign, from Tatham-Laird & Kudner, Chicago, was themed "Entrees for healthier living" and played heavily on the notion of Right Course being a healthy alternative "to dishes you thought you might have to give up."

But in the first half of 1990, the brand managed to achieve only a 2% share of the $2.7 billion frozen dinner and entree market, according to Information Resources Inc.'s InfoScan service data.

Meanwhile, Healthy Choice's share moved to 10% in the second quarter from 8% in the first quarter.

Stouffer then switched gears in spring 1990, repackaging the brand with a dark green background—Healthy Choice's signature color—and a wide swath of coral, Stouffer's familiar shade.

Mr. Marra says the original packaging was a mistake.

"It didn't have adequate shelf impact and didn't communicate the [product's] benefits clearly," he says.

Competitors say the green was clearly adopted to enable Stouffer to ride the coattails of Healthy Choice's success. Mr. Marra denies it: "Green communicates fresh," he says.

In the repackaging, Stouffer also greatly de-emphasized the nutritional bar, which another competitor described as "a hospital menu," moving it to the back side of the package and decreasing its size.

Mr. Marra says the back-side label was more user-friendly, and he defends the nutritional bar because it gave consumers "a sense of where the product fits in with their daily requirements."

Along with the repackaging, Stouffer cut prices and downscaled its fare. Foods such as lasagna replaced beef ragout.

The company also dropped its taste-driven ad campaign to use a celebrity approach. Tatham-Laird & Kudner developed a new campaign with golfer Arnold Palmer in TV and print that promoted fitness and was themed: "Get on the right course for life."

But even this campaign backfired, according to some industry insiders who say consumers already associated the celebrity approach with Healthy Choice. That brand's advertising, created by Campell-Mithun-Esty, Minneapolis, features actress Diahann Carroll and actor Michael Gross.

County NatWest Securities USA analyst Tim Ramey says Stouffer's ad campaign couldn't compete with Healthy Choice's main spokesman, ConAgra Chairman-CEO Mike Harper, who candidly discussed his heart attack in some of the spots.

"He's a great spokesman with great credibility," Mr. Ramey says. "He has a down-home folksiness."

He adds that Stouffer "didn't support Right Course as aggressively" as ConAgra in promotional spending.

Despite Stouffer's efforts, Right Course's market share continued to slip. In the third quarter of 1990, IRI data show, Right Course dropped to a 1% share of the frozen dinner and entree market, remaining at that level in the fourth quarter.

Worse, Stouffer's fears were realized: Lean Cuisine was losing share. The brand went from a 9% share in the first and second quarters to 8% in the third quarter and 7% in the fourth.

Stouffer was forced to pull the Right Course line.

"This brand ended up competing with our Lean Cuisine line," said Stouffer President E. Michael Moone in a statement issued at the time.

In retrospect, Mr. Marra says, "As to whether we did everything wrong, it's pretty hard to answer that. I think instead that we learned. When you attempt to innovate there's a higher risk factor. Where there's no risk, there's no innovation."

He says Right Course had one fundamental problem—its name.

"It didn't communicate well, and the more [stock-keeping units] in the freezer the more you need a good name to explain the concept," he says. □

Healthy Choice steals the show

Market shares for frozen dinners and entrees in 1990 by quarter.

	1st quarter	2nd quarter	3rd quarter	4th quarter
ConAgra's Healthy Choice	8%	10%	10%	11%
Stouffer's red box entrees	9	10	10	10
Stouffer's Lean Cuisine	9	9	8	7
H.J. Heinz's Weight Watchers	11	8	7	6
Stouffer's Right Course	2	2	1	1

Source: Information Resources InfoScan figures as obtained by *Advertising Age*
Advertising Age chart: Kimberly Mart

Learning to 'suffer' with Lean Cuisine

Stouffer Foods Corp. is relying on its Lean Cuisine brand as the engine to drive its healthy-foods sales.

The company has reformulated the 34 entrees to reduce sodium, fat and cholesterol. The brand is now at least 95% fat free, contains 30% or less calories from fat and has less than 600 milligrams of sodium and cholesterol.

After pulling Right Course, Stouffer focused on building Lean Cuisine as a low-fat, low-cholesterol product.

Most prices also have been reduced to about $1.89—similar to Kraft General Foods' Budget Gourmet—from about $2.79, says Ed Marra, Stouffer senior VP-marketing.

"Now, we have nothing over $3, and most of our entrees are under $2," he says.

A new national TV ad campaign, from Tatham-Laird & Kudner, Chicago, is running for the "new" Lean Cuisine. According to LNA/Arbitron Multi-Media Service, Stouffer spent $13.1 million advertising Lean Cuisine last year.

The 30-second spot features a man and woman reclining in a hammock on what appears to be a tropical island. While they lounge, the announcer says, "These people are in a total panic over their daily intake of fat, sodium and cholesterol. Look how they suffer." The theme is "The taste you can love for life."

The new campaign is designed "to show that consumers bombarded with health claims can satisfy those needs easily with Lean Cuisine," Mr. Marra says.

That's a lesson Stouffer learned the hard way.

—*Judann Dagnoli*

Lean Cuisine's repositioning required a new ad effort. This spot from Tatham-Laird & Kudner, Chicago, reflects the brand's health benefits.

Making a name for selves

Store brands proving stiff competition for marketers

By Julie Liesse

When Dominick's Finer Foods, a leading Chicago-area supermarket chain, advertises "The better name brand," it's not referring to Kellogg, Heinz, Stouffer or Kraft.

For Dominick's and other major supermarket chains, the better name brand they refer to more and more often is their own.

Store brands, or private-label products, are not new—supermarkets have offered their own dairy products, canned vegetables and pet foods for years.

But when store brands become the fastest-growing player in a heavily marketed category such as ready-to-eat cereal—as they did last year—the packaged-foods industry takes notice.

Store brands racked up sales of $21.6 billion in 1989, according to Information Resources Inc. Also, store brands are growing dramatically in areas where national brands traditionally dominate.

"Every major retailer in the U.S. now has a major store-brand program—with high-visibility graphics, quality sourcing, new and innovative products," says Brian Sharoff, president of the Private Label Manufacturers Association. The association says store brands at the top 41 U.S. retailers and wholesalers accounted for 18.2% of sales last year, compared with 17.7% in 1989.

In the $7.2 billion cereal category, store brands last year represented 7% of pound volume, double the 3.5% chalked up in '87.

"We recognize private label is a real threat. These brands go after the leaders in a category," says Kellogg Co. Chairman-CEO William LaMothe.

Kellogg has reacted by holding the line on price increases for some of its key brands, including Kellogg's Corn Flakes.

Likewise, sales of private-label cheese created one of Kraft General Foods' few sore spots last year.

"We lost share points to private-label cheese last year," Chairman-CEO Michael Miles told analysts in February. "Through the 1980s, private label was flat to down in most of our categories. But in recent times, we've seen some surges in private label."

Mr. Sharoff offers reasons for store brands' strength.

"First, the demise of TV as a dominant traffic-builder for products has hurt mass-marketed national brands," he says. "Second, coupons have backfired on national manufacturers."

Timothy Ramey, food industry analyst with County NatWest Securities USA, says pricing has been a factor as well.

"In categories that have seen huge price increases, like cereal, national manufacturers have left a big price umbrella. With lower-price, but good quality private-label products, the consumer has a meaningful choice," he says.

Perhaps most important, Mr. Sharoff says, "With consolidation and management changes in the supermarket industry, these retailers now view themselves as marketers."

Dominick's, for example, just this year discontinued its Heritage House line of products in favor of a Dominick's brand that ranges from coffee filters to English muffins and shampoo. With bright graphics and a prominent place in TV and newspaper ads, the "better name brand" is being merchandised on shelves as well as a national brand.

Now the cutting edge for store brands is the "superbrand"—store brands that transcend individual retailers. Toronto's Loblaws chain has created a President's Choice brand that is sold by D'Agostino's in New York City and Bell's in Buffalo, N.Y.

Some store brands also have been able to innovate faster than national marketers. The first refrigerated yogurt with NutraSweet came from Kroger Co.; store brands also have been on top of the low-fat, low-sodium trend with ice creams and prepared vegetables.

Although the store brand concept has been put in place over the last five years, some say the current recession may give store brands even more momentum.

Store brands generally sell better during a recession, says Richard Furash, national director-consumer products for Deloitte & Touche, a package-goods industry consultant.

"In the last recession, consumers tried generics and found the quality wasn't up to that of national brands. But this time, what may happen is consumers may try the new and improved store brands because of their prices, and stick with the products for their quality," Mr. Furash says. □

Private label grabs its share

When measured in terms of units rather than dollars, private label shows promising share.

	Dollar share	Unit share	Difference
All departments	12.7%	15.3%	2.6 pts.
Frozen foods	15.0	22.2	7.2
Dry grocery: non-foods	10.8	14.	3.4
Health & beauty aids	4.4	6.7	2.3
Refrigerated foods	20.4	22.6	2.2
Dry grocery: food	11.6	13.6	2.0

Source: SAMI/Burke

Advertising Age chart: Kimberly Mart

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Newspapers see circulation 'win'

By Ira Teinowitz

The Persian Gulf War combined with perhaps a recession-borne interest in job opportunities helped make the past six months productive for newspaper circulation.

The Audit Bureau of Circulations FAS-FAX report for the six months ending March 31 showed few large newspapers reporting declining circulation and many reporting growth.

The report compares circulation with the same period last year.

The biggest growth came in New York, where newspapers obviously benefited from labor troubles at the *Daily News* under former owner Tribune Co.

The *Daily News* itself didn't report circulation and decided to skip the period because of its travails and subsequent ownership changes.

All other New York papers, including *The New York Times*, reported major increases. The *Times* reported circulation rose 5.2% to 1,209,225 daily and 3.3% to 1,762,015 on Sunday; the *New York Post* reported daily circulation jumped 27.7% to 644,738; and *Newsday* (which combines its Long Island and New York circulation in reporting) said it rose 16.1% to 825,512 daily and 34.5% to 960,308 on Sunday.

The biggest growth came in New York, where newspapers obviously benefited from labor troubles at the *Daily News* under former owner Tribune Co. The *Daily News* itself didn't report circulation and decided to skip the period because of its travails and subsequent ownership changes.

The *Post* continues to enjoy sales well above prestrike levels, though less than during the strike, officials said last week. The paper estimates daily sales are in the 550,000 to 600,000 range, compared to 504,720 reported last year.

The *Times* suggested its circulation increase wasn't due to the *Daily News* strike, noting more than 40% of its daily circulation gain came from the national edition. Despite price hikes in some areas, the national edition's circulation rose 11.2% to 248,660 daily and 6.5% to 304,570 on Sunday.

"Our readership and ad base are different from the New York *Daily News*'," said William Adler, corporate communications manager. "The war certainly gave us some small incremental circulation, but we have invested in the product."

The national edition now has three sections, up from two, and the paper has pushed suburban marketing, Mr. Adler said.

Several newspapers including the nation's largest, *The Wall Street Journal*, reported circulation decreases. But most—including the *Journal*—pointed to price increases.

The *Journal*, which boosted its single-copy price 50% to 75¢ on Dec. 3 and increased subscription prices 7.8% to $139 annually effective this year, said it was down 0.9% in circulation to 1,919,355.

The *Houston Post* also blamed price increases for circulation losses.

"Any time you raise your prices, you are going to take a hit," said Rikie Daniels, marketing director for the *Post*.

The paper raised its single-copy price 40% to 35¢ on Jan. 1 and saw circulation drop 5.5% to 310,758. It has since matched the *Houston Chronicle's* move to a 50¢ price.

The *Boston Herald* raised its price 40% to 35¢ on April 30, 1990, and saw circulation fall 5.1% to 351,947. But the Boston economy may also have been a factor.

"Certainly, the economic climate in the region had an impact," said John Hoarty, VP-circulation. "Unemployment in Massachusetts is in double-digit levels."

The Milwaukee Journal, which didn't raise its price, reported circulation dropped 7.5% to 255,497.

Outside New York, the biggest gain in the top 50 newspapers was reported by *The Orange County Register*, which saw circulation rise 6.8% to 372,750 daily and 6.7% to 429,146 on Sunday. □

The top 100 newspapers by circulation

Ratings based on Audit Bureau of Circulations information. Figures are for six months ending March 31, 1991, compared with the same six-month period last year, except where noted. Where papers reported Monday through Thursday circulation and separate figures for higher-selling Friday papers, the figures are weighted averages of the two.

Rank	Newspaper	Circulation	% chg	Sun. circ.	% chg
1	Wall Street Journal	1,919,355	(0.9)	—	NA
2	USA Today[1]	1,503,496	2.9	—	NA
3	Los Angeles Times	1,242,864	2.7	1,576,425	4.8
4	New York Times	1,209,225	5.2	1,762,015	3.3
5	Washington Post	838,902	1.8	1,165,567	1.0
6	Newsday	825,512	16.1	960,308	34.5
7	Chicago Tribune	741,345	0.1	1,131,226	(0.9)
8	New York Post	644,738	27.7	—	NA
9	Detroit Free Press[2]	622,349	(2.7)	1,215,149	(4.4)
10	San Francisco Chronicle[2]	570,364	0.2	704,322	(1.2)
11	Chicago Sun-Times	537,780	1.0	559,093	(1.4)
12	Boston Globe	516,961	(1.1)	798,298	1.3
13	Philadelphia Inquirer	515,523	(1.2)	987,218	(0.7)
14	Newark Star-Ledger[3]	485,362	3.3	707,391	3.0
15	Detroit News	481,766	(8.4)	—	NA
16	Miami Herald	444,581	0.3	553,479	0.4
17	Houston Chronicle	439,574	(2.3)	622,608	0.3
18	Cleveland Plain Dealer	432,449	(1.3)	561,421	0.0
19	Mnpls.-St. Paul Star Tribune	413,237	0.7	673,773	1.6
20	Dallas Morning News[1]	412,868	6.0	611,716	8.2
21	Arizona Republic[3]	393,722	2.8	595,413	2.4
22	St. Louis Post-Dispatch	391,915	4.2	585,681	4.3
23	St. Petersburg Times[3]	389,924	2.3	500,418	1.3
24	(Denver) Rocky Mountain News	374,009	2.5	432,502	4.1
25	Orange County Register	372,750	6.8	429,146	6.7
26	Boston Herald	351,947	(5.1)	230,654	(8.9)
27	Portland Oregonian	337,672	1.6	440,923	3.0
28	Atlanta Constitution[2]	329,582	6.2	700,739	2.7
29	Tampa Tribune[2]	321,626	3.9	408,343	0.3
30	Buffalo News	314,194	(0.5)	383,380	0.7
31	Houston Post	310,758	(5.5)	358,121	(3.6)
32	Kansas City Star	288,571	(3.9)	423,305	1.3
33	Orlando Sentinel	287,270	0.8	388,873	0.4
34	San Jose Mercury News	280,918	(0.2)	338,490	1.3
35	San Diego Union[3]	279,136	3.0	456,167	2.8
36	Sacramento Bee[3]	273,844	4.0	338,355	4.8
37	New Orleans Times-Picayune[3]	272,280	(3.4)	324,241	(3.0)
38	Columbus Dispatch	264,058	4.6	399,108	3.1
39	Fort Lauderdale Sun-Sentinel	262,011	(3.5)	349,737	(0.1)
40	Milwaukee Journal	255,497	(7.5)	490,199	(2.5)
41	Fort Worth Star-Telegram	250,262	(2.7)	337,446	1.0
42	Denver Post	248,493	0.7	413,343	1.2
43	Charlotte Observer	238,555	2.8	299,451	2.6
44	Louisville Courier-Journal	238,080	1.0	328,901	0.8
45	Seattle Times[2]	237,735	1.7	515,347	0.7
46	Baltimore Sun	237,519	1.7	491,924	(0.4)
47	Indianapolis Star[3]	231,892	2.5	416,752	3.1
48	Oklahoma City Oklahoman	231,653	2.6	335,319	3.9
49	Hartford Courant	231,167	0.4	320,106	1.0
50	Omaha World-Herald	224,537	1.8	288,666	0.6
51	Philadelphia News	221,855	(5.9)	—	NA
52	Pittsburgh Press	220,465	(3.4)	557,000	(1.1)
53	Dallas Times Herald[4]	210,652	(5.3)	308,449	(7.2)
54	Seattle Post-Intelligencer	209,433	3.9	—	NA
55	Memphis Commercial Appeal	208,313	(3.9)	289,444	(1.2)
56	Des Moines Register	206,204	(1.1)	344,522	(1.3)
57	Cincinnati Enquirer	203,033	2.1	351,163	2.0
58	(L.A.) Daily News	202,748	0.2	223,647	4.4
59	St. Paul Pioneer Press	201,880	2.3	267,781	3.9
60	Providence Journal-Bulletin	200,076	(1.5)	264,723	0.3
61	West Palm Beach Post	195,523	3.2	245,809	4.9
62	Atlanta Journal	189,332	(2.9)	—	NA
63	San Antonio Express-News	186,377	2.5	280,049	3.3
64	Dayton News	184,464	1.8	233,039	0.4
65	Florida Times-Union	184,394	3.0	250,112	2.6
66	Austin American-Statesman	177,040	0.3	227,918	2.1
67	Bergen Co. Record[3]	172,667	6.9	246,317	7.1
68	Sarasota Herald-Tribune[3]	171,850	2.6	—	NA
69	Westchester-Rockland (N.Y.) papers	170,472	1.7	219,499	12.1
70	Milwaukee Sentinel	166,995	(2.8)	—	NA
71	Birmingham News	166,725	(3.0)	212,529	(0.1)
72	San Antonio Light	166,722	(6.4)	233,268	(8.0)
73	Asbury Park (N.J.) Press	162,936	8.7	224,710	2.8
74	Pittsburgh Post-Gazette	161,514	(2.3)	—	NA
75	(Riverside, Calif.) Press-Enterprise	161,126	3.0	170,092	3.2
76	Baltimore Evening Sun	159,522	(4.8)	—	NA
77	Akron Beacon Journal	158,725	3.3	225,871	1.3
78	Norfolk Virginian-Pilot[2,3]	155,071	2.5	237,784	0.4
79	Fresno Bee[3]	154,589	4.1	187,541	3.6
80	Toledo Blade	153,062	(0.8)	215,490	(1.3)
81	Raleigh News & Observer[3]	148,931	(4.3)	181,703	(3.8)
82	Grand Rapids Press	146,749	3.6	191,085	3.3
83	Columbia State	145,365	0.3	173,636	1.7
84	Richmond Times-Dispatch	143,040	(0.1)	254,331	(0.4)
85	Sarasota Herald-Tribune[3]	142,598	2.6	—	NA
86	Las Vegas Review-Journal[2,4]	139,735	3.7	212,283	NA
87	Allentown Call	137,688	0.0	185,060	0.9
88	San Francisco Examiner	137,635	(2.2)	—	NA
89	Nashville Tennessean	134,607	4.2	268,554	1.5
90	Tulsa World[3]	133,902	4.5	241,478	(1.1)
91	Rochester Democrat & Chronicle	133,672	3.3	259,990	4.2
92	(Long Beach) Press-Telegram[4]	131,945	NA	151,866	(2.3)
93	(Little Rock) Arkansas Gazette[1]	130,885	(10.6)	222,072	0.4
94	Copley L.A. Newspapers	129,812	(2.0)	123,726	(1.9)
95	(Little Rock) Arkansas Democrat[1]	129,106	2.6	236,093	7.8
96	Lexington Herald-Leader	124,050	(1.1)	161,115	2.5
97	Albuquerque Journal[3]	123,481	1.7	162,394	1.9
98	Wichita Eagle	122,324	0.5	198,771	1.1
99	Roanoke Times & World-News	121,055	(1.6)	128,410	1.3
100	Tacoma News Tribune[3]	121,049	2.5	139,903	4.5

[1] Average daily figure computed from numbers supplied by publisher. USA Today reported circulation of 1,429,024 Mon.-Thurs. and Friday circulation of 1,801,384. [2] Sunday paper published under another name. [3] 3-month average. [4] Changed frequency. Paper reported differently than in past (e.g. Mon.-Fri. instead of Mon.-Sat.).

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